

CITY OF LONG BEACH

DEPARTMENT OF TECHNOLOGY AND INNOVATION

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December 2, 2014

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary to amend contract No. 31808 with BMC Software, Inc., of Houston TX, extending the contract for providing workload automation software licenses and technical support services for one year, in an annual amount of \$234,216, plus a 5 percent contingency of \$11,711, for a total annual amount not to exceed \$245,927 with the option to renew for two additional one-year periods at the discretion of the City Manager; and increase appropriations in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) by \$245,927. (Citywide)

DISCUSSION

City Council approval is requested to authorize the City Manager to execute an amendment to the contract with BMC Software, Inc. (BMC) for providing workload automation software licenses and technical support services. The amendment will extend the term for one year, with the option to renew the contract for two additional one-year periods. In order to ensure the City receives vendor support as well as any upgrades, modifications and enhancements to BMC's software, the agreement must be renewed. BMC does not release the product source code to the public or authorize other contractors to sell, lease, or maintain its software; therefore, BMC must be retained to ensure that any upgrades and enhancements to the software will be performed.

The Department of Technology and Innovation (TI) manages approximately 400 servers and an enterprise mainframe server. These servers run approximately 300 business information systems including financial management, budget preparation, human resources, payroll, and billing systems. Managing and scheduling the workload across these servers requires a workload automation software solution. The City's application software would not operate properly without this type of solution as it ensures job processing occurs error-free and on time.

In June 2010, the City of Long Beach issued a Request for Proposals for server workload automation software and technical support services. BMC was the vendor selected to provide the services. In September 2010, the City entered into a one-year agreement with the option to renew for two additional one-year periods. Both renewal options were

exercised, and the term was extended to September 30, 2013. City Council renewed this contract on August 13, 2013 in the amount of \$145,000 per year.

Since the contract renewal was signed in August 2013, the City has dramatically increased the usage of this software, primarily due to the full implementation of the Customer Information System (CIS). Due to the complexity of the CIS software and the increased number of jobs required, the City was required to pay additional usage fees to remain in compliance with the contract. Under the terms of the contract, the City's costs would have increased to approximately \$278,000 per year and could have increased substantially in future years. As such, City staff renegotiated the terms of the contract with BMC.

As a result of the negotiations, it was determined that, due to the increase in the number of licenses required to operate the software, it is more cost effective for the City to purchase these licenses, instead of paying an annual usage fee. The licenses will be purchased over a three-year payment plan and will include the purchase costs of the licenses, as well as an annual maintenance fee. This will result in an annual savings of \$32,073.

Due to the timing of negotiations, the FY 14 payment in the amount of \$234,216 due under this contract was delayed. As a result, the City will be making two payments in FY 15 and will return to an annual payment cycle in FY 16.

This matter was reviewed by Deputy City Attorney Kendra Carney on October 28, 2014 and Budget Management Officer Victoria Bell on October 28, 2014.

TIMING CONSIDERATIONS

City Council action is requested on December 2, 2014, as the new contract year for software license and technical support services agreement began on October 1, 2014.

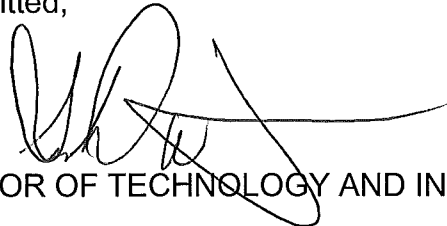
FISCAL IMPACT

Annual expenditures will not exceed \$245,927, including a 5 percent contingency for usage and price increases on renewal options. The City's FY 14 payment of \$234,216 was delayed due to negotiations and will be paid in FY 15. Due to the additional payment in FY 15, an appropriation increase of \$245,927 in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) is requested. In FY 16, the Department will request appropriation for the estimated incremental contract increase of \$100,927 as part of the annual budget process. If approved in FY 16, costs will be recovered from client departments and budgeted through the annual Technology and Innovation Department (TI) MOU. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRIS WILDING
INTERIM DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



PATRICK H. WEST
CITY MANAGER